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For Presidents and CEOs, “Currently” Is as Far as “Now” Goes

Introduction

On the heels of Michael Cohen’s guilty plea, and his acknowledgement that President Trump knew about his hush-money payments, we decided to take a look back at the Trump camp’s comments when the Cohen scandal first broke. In a strange but familiar approach, the president’s representatives began questioning the meanings of the words “did” and “was” regarding Mr. Trump’s knowledge of Michael Cohen’s payment to Stormy Daniels. At BIA, one of our all-time favorite truth-twists is Bill Clinton’s infamous “it depends on what the meaning of ‘is’ is.” We were therefore excited to see this technique rear its head again. While we typically apply our proprietary Tactical Behavioral Assessment® (TBA™) methodology to analyze management teams’ statements and provide insight into the completeness, transparency and confidence surrounding all types of business issues, we couldn’t resist pointing out the similarities between these presidential verbal contortions and the techniques used by some C-suite executives in earnings calls. The twisting of these definitions all share a similar quality: an effort to shift the discussion to one particular time period in order to avoid providing insight into another. In our behavioral analysis, we see this behavioral strategy frequently, and it is one of the most reliable indicators that executives are trying to avoid direct misrepresentation while simultaneously trying to hide certain information. We break it all down in this edition of *Between the Lines.*

Trump Past Tenses Up

On March 5th, when asked if Mr. Trump had known about the $130,000 payment from Michael Cohen to adult film actress Stormy Daniels, campaign manager Sarah Huckabee Sanders claimed that she was not aware of any knowledge on the president’s part. A few days later, noting that she had discussed the matter further with him, Ms. Sanders claimed “there was no knowledge of any payments from the president.” In April, Mr. Trump told reporters that he did not know about the payment or where Mr. Cohen got the money to pay Stormy Daniels.

However, after the FBI raided Mr. Cohen’s office, Mr. Trump’s lawyer disclosed that the president had reimbursed Mr. Cohen for the payment. This led many people to conclude that both Ms. Sanders and Mr. Trump had lied to reporters when they claimed that he didn’t have any knowledge of the original payment. To justify their statements, Mr. Trump’s representatives started calling into question the meanings of the words “did” and “was.” According to Kellyanne Conway, what Mr. Trump meant when he said he did not know about the payment was that he didn’t know about it *when the payment occurred*. Similarly, what Ms. Sanders communicated can only have been true if the word “was” meant *at the time the payment occurred*. These redefinitions of “was” and “did” are efforts to shift the framing from what was directly asked, during the campaign or afterwards, to when the payment occurred.

Clinton Knew What (and When) Was Was

In 1998, while being interrogated by the Office of the Independent Counsel, Bill Clinton infamously defended a false statement that his lawyer made by saying that the statement’s truth “depends on what the meaning of the word ‘is’ is.” On May 16th, online publication *Slate* published an article noting the similarity between Clinton’s contortions and those of Mr. Trump and Ms. Sanders in trying to claim that they made truthful statements. In Mr. Clinton’s case, the redefinition of “is” was an effort to shift the framing from the broad range of ever having had a sexual encounter to a narrower, imprecise framing of around the time the question was asked. Similarly, management teams will often try to shift the framing of an answer from what is occurring at present onto what they had said in the past in order to give the impression that those conditions are still in place.

CEOs Can Play the Time Game, Too!

In a different approach, but using a similar time-shifting technique, another example that we see quite often on earnings calls is some variation of the word "currently." When management teams use this language, frequently when discussing guidance or expectations, it is often a signal that they see circumstances surrounding the topic as more volatile and likely to change going forward than they want to acknowledge. Therefore, they try to shift the framing from *now and into the future* to *at this moment*. While this behavior is quite common, we've pulled some examples of these strategies from our library, detailed below:

> On an AbbVie call in 2015, management repeatedly referred to their projections for the sales of VIEKIRA as "current." The inclusion of this qualifier left open the possibility that the forecast was subject to change and signaled to BIA that management was likely anticipating a greater need to adjust their expectations than they wanted to acknowledge. Indeed, while guidance had called for the run rate of VIEKIRA sales to be above $3 billion at the end of 2015, it fell well short of that amount, generating only $1.6 billion during the full year, with a fourth quarter annualized run rate of just over $2.2 billion in sales.
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> On their Q1 2015 call, Adecco management was asked about the potential uses of their cash. They reminded investors of what they had said in previous public disclosures: "at least until the end of 2015, we said we would not do acquisitions." Rather than provide their *current* thoughts on cash usage, management's need to utilize a previous statement suggested to BIA that things were more likely to have changed in their calculations than they wanted to acknowledge. In what news outlets described as a "shock," Adecco ended up purchasing Penna Consulting for cash in Q4 2015.

Deep analysis of language and how it is used constitutes the core of BIA's model. While redefining words takes executives' deception to an extreme, BIA's behavioral indicators consistently and reliably identify signals and clues that, when analyzed correctly, can provide a high degree of certainty that all is not as it seems.

About this Report:

This report represents the application of BIA's Tactical Behavior Assessment® methodology and reflects BIA's assessment of the completeness and responsiveness of statements made during earnings conference calls, television interviews and other presentations. In each case, our assessment represents the opinion of BIA applying the Tactical Behavior Assessment® methodology and does not purport to indicate that any individual is in any specific instance being truthful or deceptive. BIA does not make stock recommendations. Under no circumstances is BIA's analysis intended to be a recommendation to buy or sell the securities of the company which is the subject of this report.

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